

## Message Text

LIMITED OFFICIAL USE

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 L-03 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 TRSE-00  
SS-15 NSC-05 /054 W  
-----084900 270608Z /13/10  
R 260941Z JUL 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 9152

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C O R R E C T E D C O P Y (TEXT)

E.O. 11652: N/A  
TAGS: EAIR, RP, US  
SUBJECT: CIVAIR -- CALIFORNIA PROPERTY TAX ON FOREIGN  
AIRLINES

REF: STATE 169382

1. WE HAVE ASKED THE U.S. CARRIERS TO FURNISH US WITH TAX  
INFORMATION REQUESTED IN REFTEL.

2. PANAM'S REPLY READS AS FOLLOWS: BEGIN QUOTE: AS RE-  
QUESTED IN YOUR JULY 14, 1978 LETTER, THE FOLLOWING TAXES  
ARE BEING PAID BY PAN AM IN ADDITION TO THE 2-1/2 PERCENT  
INCOME TAX BASED ON GROSS BILLINGS:

- 1. 25 PERCENT TO 35 PERCENT CORPORATE INCOME TAX FOR  
NON-TRANSPORT REVENUES;
- 2. 15 PERCENT INCOME TAX ON BRANCH PROFIT REMITTANCE;
- 3. 2 PERCENT COMMON CARRIERS TAX BASED ON LIFTED  
FLIGHT COUPONS;
- 4. 6 PERCENT BROKER'S TAX ON INTERLINE COMMISSION;
- 5. 3 PERCENT CONTRACTOR'S TAX ON HANDLING OF OTHER  
CARRIERS; AND

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- 6. A SPECIAL FUND LEVY BEING ASSESSED BY THE OIL  
INDUSTRY COMMISSION OF \$0.0153 PER LITER OF  
AVIATION FUEL USED. END QUOTE.

3. FLYING TIGER LINE STATES IT PAYS THE FOLLOWING TAXES:  
BEGIN QUOTE: 1. RESIDENCE TAX ON CORPORATIONS/COMPANIES/  
ASSOCIATIONS -

- "C" - P50 FIXED PER YEAR, PLUS
- "C-1" - P 2 FOR EVERY P5,000 GROSS RECEIPTS
- OR EARNINGS IN THE PRECEDING YEAR
- 2. PRIVILEGE TAX - P100 FIXED PER YEAR TO ENGAGE
- IN BUSINESS.
- 3. PERCENTAGE TAX AS AIR CARRIER - 2 PERCENT OF
- MONTHLY GROSS RECEIPTS (PAYABLE QUARTERLY).
- 4. REGISTRATION FEES/LICENSE PLATES FOR MOTOR VEHICLES - VARIABLE ACCORDING TO TYPE, MODEL,
- CAPACITY. WE PAID P609.50 THIS YEAR FOR THREE
- (3) DIFFERENT MOTOR VEHICLES.
- WE PAY OF COURSE INCOME TAX, BUT PER YOUR LETTER, THEY
- NEED NOT BE INCLUDED IN THIS REPORT.
- WE DO NOT PAY ANY REAL PROPERTY TAX AS THIS COMPANY
- DOES NOT OWN REAL PROPERTY IN THE PHILIPPINES.
- WE DO NOT PAY DIRECTLY JET FUEL TAXES. IT IS OUR
- VENDOR OF JET FUEL IN THE PHILIPPINES, MOBIL
- OIL PHILIPPINES INC. THAT PAYS THEM, AND ACCORDING TO
- MOBIL THOSE TAXES ARE INCLUDED IN THE PRICE OF THE
- JET FUEL THAT FLYING TIGERS PURCHASE, AS FOLLOWS:
- "AIRPORT THRUPUT" (OR ROYALTY FEES TO THE CIVIL
- AERONAUTICS ADMINISTRATION) - P0.10 PER U.S.
- GALLON
- "SPECIAL FUND" (WHICH GOES TO THE DEPARTMENT
- OF ENERGY)- P0.115 PER LITER
- PER ADDITIONAL INFORMATION FROM MOBIL, THE ABOVE-
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- MENTIONED TAXES ARE ADDED TO FLYING TIGERS JET FUEL
- BILLS BECAUSE THE PHILIPPINES AND THE U.S. DO NOT
- HAVE ANY BILATERAL AIR AGREEMENT PROVIDING FOR EX-
- EMPTION FROM PAYMENT OF THOSE TAXES. . . AND THAT
- PRESIDENTIAL DECREE 1359 WHICH CAME INTO EFFECT APRIL
- 21, 1978, PROVIDES FOR A SPECIFIC TAX OF P0.30 PER
- LITER, BUT THAT MOBIL IS NOT INCLUDING THIS IN THE
- PRICE OF JET FUEL SOLD TO US PENDING DETERMINATION
- OF WHETHER OR NOT THE U.S. CHARGES AN EQUIVALENT TAX
- ON THE JET FUEL PURCHASES OF PAL IN THE U.S. END
- QUOTE.

4. NORTHWEST ORIENT LISTS THE FOLLOWING TAXES: BEGIN  
QUOTE: 1) 2 PERCENT TAX ON COMMON CARRIERS:

- (A) MANIFESTED OUTGOING PASSENGERS MULTIPLIED
- BY REGULAR FARE LESS 25 PERCENT
- (B) ACTUAL REVENUE ON EXCESS BAGGAGE
- (C) TOTAL FREIGHT CHARGES ON OUTGOING CARGOS
- 2) FUEL TAXES ARE CHARGED ON A PER US GALLON BASIS:
- (A) MUNICIPAL TAX (AIRPORT THRUPUT TAX) IS \$0.0134
- (B) ENERGY TAX (SPECIAL FUND) IS \$0.0581.
- FUEL COST PER US GALLON - \$.4554 - 86.430 PERCENT

- MUNICIPAL TAX - .0134 - 2.543 PERCENT
- ENERGY TAX - .0581 - 11.027 PERCENT
- TOTAL COST - \$.5269 - 100.00 PERCENT
- 3) DOCUMENTARY STAMPS AND REVENUE STAMPS
  - (A) ON AIRWAY BILLS, APPROXIMATELY 0.3 PERCENT OF
  - TOTAL AMOUNT CHARGED ON THE AWB FOR DOCUMENTARY
  - STAMPS AND AN ADDITIONAL 0.3 PERCENT FOR SCIENCE
  - STAMPS.
- 4) RESIDENCE CERTIFICATE TAX
  - (A) "C" TYPE - P50.00 ANNUALLY
  - (B) "C1" TYPE - P6,000.00 ANNUALLY
- 5) PRIVILEGE TAX - P100.00 ANNUALLY
- 6) REAL ESTATE TAX (MACHINERY OPERATED) - P390.00

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ACTION EB-08

INFO OCT-01 EA-10 ISO-00 CAB-02 CIAE-00 COME-00  
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 TRSE-00  
SS-15 NSC-05 /054 W  
-----060436 261018Z /10

R 260941Z JUL 78  
FM AMEMBASSY MANILA  
TO SECSTATE WASHDC 9164

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- ANNUALLY. END QUOTE.

DECONTROL UPON RECEIPT. MURPHY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AIRLINES, TAXES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MANILA12794  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780341-0855, D780306-0304  
**Format:** TEL  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780719/aaaaapuk.tel  
**Line Count:** 156  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 3602586c-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 STATE 169382  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 04 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1881801  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIVAIR -- CALIFORNIA PROPERTY TAX ON FOREIGN AIRLINES  
**TAGS:** EAIR, RP, US  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/3602586c-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
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20 Mar 2014  
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